

Legislative Update and Alert

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DIRECTOR'S MESSAGE

I am pleased to present this issue of the department's Legislative Update and Alert. As you will notice, there have been several unfortunate developments since our last issue, including defeat of the TEUC program extension, lack of progress on WIA and TANF reauthorization, and notification of funding reductions in our PY 2004 federal program allotments. On the bright side, the WOTC program has been extended, and we have recently drafted and forwarded important legislation promoting a living wage for District residents and strengthened enforcement of First Source and Apprenticeship mandates. I urge you to remain educated on these issues in order to better serve our customers.

Gregory P. Irish

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SENATE DEFEATS EXTENSION OF THE TEUC PROGRAM

The Senate narrowly defeated legislation to extend the Temporary Extended Unemployment Compensation (TEUC) program in early May. This program allowed individuals who had exhausted their regular unemployment compensation benefits to receive extended jobless payments. Only 59 Senators supported the extension which required 60 votes for passage.

Pro-TEUC forces had been encouraged by strong support for the program from Federal Reserve Board of Governors Chairman Alan Greenspan. Chairman Greenspan testified before the Joint Economic Committee on April 21, 2004, stating that extending benefits for the long-term unemployed was a "good idea." He also pointed out that the number of individuals who exhaust their benefits each week had more than doubled over the past several years.



SENATE APPROVES WOTC EXTENSION

On May 11, 2004, the Senate passed the JOBS Act (S. 1637) which included a provision extending the Work Opportunity Tax Credit (WOTC) program through December 31, 2005. The Act provides retroactive coverage for those individuals "who began work for the employer after December 31, 2003," and combines the WOTC and Welfare-to-Work tax credits by creating a new target group under WOTC. The House is expected to consider similar legislation in the near future.

WOTC was originally authorized by the Small Business Job Protection Act of 1996 (P.L. 104-188). It provides tax credits to employers to encourage them to hire job seekers from nine targeted groups, reducing their federal income tax liability by as much as \$2,400 per new worker hired. WOTC is designed to facilitate the hiring of individuals facing serious barriers to employment.

CONGRESSMEMBERS ADVOCATE JOB CREATION MEASURES

House and Senate members from both parties have been advocating a range of legislative initiatives designed to bolster the national economy and provide a positive environment for job growth. Democratic governors from Michigan and Pennsylvania have been pushing for additional funding for job training for dislocated workers and for training incumbent workers at manufacturing companies that are investing in technology upgrades. The House Majority Leader has promised a package of legislative proposals called the "Careers for the 21st Century" initiative. Included in this package is H.R. 1261, the House-approved Workforce Investment Act (WIA) reauthorization bill. The package also includes tort law reform, health care security, and energy legislation.



USDOL RELEASES FINAL OVERTIME RULES

On April 20, 2004, U.S. Department of Labor (USDOL) Secretary Elaine Chao released the final overtime rule changes to amend the Fair Labor Standards Act. The new rules revise the criteria used to determine if an individual is an executive, professional, or administrative employee who would be exempt from overtime pay. The rule changes will become effective 120 days from their release date.

These rule changes have been the focus of intense partisan debate during the past year. The Administration claims that the new rules will protect overtime rights for nearly all salaried workers making less than \$100,000 per year and extend eligibility to approximately 1.3 million low-wage earners. The opposition has battled to defeat or amend the changes, vowing to pursue legislation to prohibit the enactment of the new rules. An amendment to continue overtime pay to any worker currently eligible for such payments passed the Senate by a 52-47 vote during the first week of May.

USDOL ISSUES NEW SCSEP REGULATIONS

On April 9, 2004, USDOL issued new regulations for the Senior Community Service Employment Program (SCSEP), the Senior Community Service Employment Program; Final Rule; 20 CFR Part 641. The revised regulations implement programmatic changes mandated by Title V of the Older Americans Act Amendments of 2000 (P.L. 106-501) and became effective on May 10, 2004. Among the significant features of the new regulations are a requirement that SCSEP grantees negotiate Memoranda of Understanding with their local Workforce Investment Boards, a revised distribution of program funding between state and national SCSEP grantees, and establishment of program performance measures.

For the latest on D.C. Council and Mayor Williams' legislative initiatives, tune in to D.C. Cable Channel 13 or on the web: www.octt.dc.gov and select Channel 13 live broadcast during D.C. Council hearings.

USDOL ANNOUNCES PY 2004 PROGRAM ALLOTMENTS

On March 25, 2004, USDOL's Employment and Training Administration announced state-by-state PY 2004 program allotments in the Federal Register, Volume 69, Number 58. The District suffered significant reductions in all program areas, as detailed below:

| <i>Program</i> | <i>PY 2004 Allotment</i> | <i>Percent Reduction from PY 2003</i> |
|-----------------------|--------------------------|---|
| WIA Youth | \$2,955,680 | -9.94% |
| WIA Adult | \$2,739,331 | -9.57% |
| WIA Dislocated Worker | \$3,293,130 | -3.48% |
| Employment Services | \$3,047,445 | -2.36% |
| WOTC | \$ 72,914 | -5.60% |



LOCAL LEGISLATIVE INITIATIVES

The following legislation has been introduced and referred to the Committee on Public Services. A hearing on this legislation has been scheduled for June 30, 2004.

- The “Unemployment Compensation Pension Offset Reduction Amendment Act of 2003” (Bill 15-0526)
- The “Unemployment Compensation Weekly Benefit Amount Amendment Act of 2003” (Bill 15-0578)
- The “Unemployment Compensation Funds Appropriation Authorization Act of 2003 (Reed Act)” (Bill 15-276)
- The “Apprenticeship Enforcement Amendment Act of 2003” (Bill 15-0150)

The following legislation has been drafted and forwarded to the Office of the Deputy Mayor for Economic Development for review and further action:

- The “District of Columbia Living Wage Act of 2004” - This proposed legislation would require recipients of District of Columbia contracts, grants, loans, Industrial Revenue Bonds, or Tax Increment Financing in the amount of \$100,000 or more in any twelve-month period to pay their employees a living wage of \$10.50 per hour. This requirement would also apply to subcontractors who receive \$15,000 or more in any twelve-month period from covered contractors.
- The “First Source Performance Bond Amendment Act of 2004” - This proposed legislation would require all contractors, subcontractors, and recipients of Industrial Revenue Bonds, Tax Increment Financing, or any other form of financial assistance from the District of Columbia government in the amount of \$500,000 or more to obtain a \$250,000 performance bond. The bond could be forfeited for willful breach of First Source or Apprenticeship mandates or for the submission of falsified data.
- The “Summer Youth Employment Business Tax Credit Act of 2004” - This proposed legislation creates a business tax credit incentive for District of Columbia businesses that extend summer employment to District youth. The tax credit will be available to businesses that hire economically disadvantaged youth certified by the Department of Employment Services as to income and residence. The youth employee must be paid the District’s minimum wage of \$6.15 per hour and work at least 25 hours per week for eight (8) weeks between June 1st and August 31st.

MISSION STATEMENT

The mission of the Department of Employment Services is to plan, develop, and deliver employment-related services to all segments of Washington, D.C.’s population. We achieve our mission through empowering and sustaining a diverse workforce, which enables all sectors of the community to achieve economic and social stability.

The Department of Employment Services’ number one priority is customer success. Our comprehensive employment services ensure a competitive workforce, full employment, life-long learning, economic stability, and the highest quality of life for the citizens of the District of Columbia.

